

FISCAL MEMORANDUM

SB 1924 – HB 1692

May 24, 2007

SUMMARY OF AMENDMENTS (007087, 009309): Amendment 007087 deletes the original bill and changes the definition of the word “project” as it applies to authorized investments of an industrial development corporation to include tourist attractions which may include convention center facilities related to a hotel with an aggregate public and private investment exceeding \$200,000,000. Amendment 009309 restricts “local government” for the purposes of the bill to Shelby County. Defines “minority owned business” and charges projects such as the one defined in the bill to strive to maximize participation of minority owned businesses by requiring the active solicitation of bids from such businesses. Requires the local government to monitor minority owned business participation and report such information to the Comptroller of the Treasury in the manner prescribed by the language of this amendment. The Comptroller would be required to provide the Senate and House State and Local Government Committee members with a synopsis of such information.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures – Not Significant

Increase Local Govt. Expenditures – Not Significant

Decrease Local Govt. Revenues –

Exceeds \$5,000,000/Permissive

Assumptions applied to amendments:

- A total investment of at least \$200,000,000 of which 80% is classified as real property and 20% is classified as personal property for property taxation purposes.
- A 40% classification rate for commercial real property.
- A 30% classification rate for commercial personal property.
- A tax rate of 7.47%.
- Based upon the assumptions noted above, due to the property tax exemption for property owned by Industrial Development Boards, local

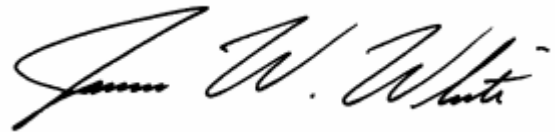
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governments would experience a permissive decrease in property tax revenues exceeding \$5,000,000.

- Local governments would have the option of negotiating in-lieu of tax payments to recapture all or a portion of any lost property tax revenue.
- The industrial development board would be eligible to issue municipal bonds to finance such projects. Such issuance and the amount of such issuance would be permissive and cannot be quantified due to the lack of ability to forecast the decisions of local governments, local government entities and private developers involved in any such project.
- Any increase in local government expenditures due to the administrative cost of gathering the required information and forwarding it to the Comptroller of the Treasury is estimated to be not significant.
- Any increase in state expenditures due to the administrative cost of gathering the required information and forwarding it to the Senate and House State and Local Government Committees is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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